

COMMITTEE ON GOVERNMENT REFORM
CHAIRMAN TOM DAVIS
SUBCOMMITTEE ON ENERGY AND RESOURCES
CONGRESSMAN DARRELL E. ISSA, CHAIRMAN



FOR IMMEDIATE RELEASE:
November, 1, 2006

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*Davis and Issa Announce Government Accountability
Office Investigation of MMS Royalty
Collection System*

Washington, DC- House Government Reform Chairman Tom Davis (R-VA) and Subcommittee on Energy and Resources Chairman Darrell Issa (R-CA) today announced that the Government Accountability Office has accepted their request to examine the accuracy and effectiveness of the Minerals Management Service's royalty collection system. "We must ensure that the American people get the money from oil and gas royalties that they are entitled to receive from production on public lands, which the Department of Interior manages in trust," said Davis.

The Chairmen's request to GAO is a natural follow-on to the Committee's investigation of the Department of Interior and MMS regarding missing price thresholds from offshore leases in 1998 and 1999. According to GAO and the Committee's investigation, the lack of price thresholds has already cost the government \$2 billion in foregone royalties, and may cost the taxpayer upwards of \$10 billion over the life of the leases. "In addition to problems in management of royalty collection from deepwater production, we have reason to believe the shortcomings identified in the investigation may also be impacting the royalty collection from onshore production and on Indian lands," said the Chairmen.

Since the investigation was initiated in February of this year, the Committee has been contacted numerous times regarding alleged deficiencies in MMS management, reporting by oil and gas companies, government information technology, and the collection of royalty payments.

"While they may seem straightforward at first glance, royalty reporting and collection are complex undertakings," stated Issa. "GAO has the capacity and expertise to carry out a

comprehensive and unbiased review of MMS and reporting by oil and gas producers holding public leases. Chairman Davis and I look forward to working with GAO as their investigation moves forward,” he declared.

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A copy of the original request to GAO is available on the Subcommittee’s website <http://reform.house.gov/ER/>.